

**ASSEMBLY BILL**

**No. 2686**

**Introduced by Assembly Members Perea, Gray, and Salas**  
(Coauthor: Senator Cannella)

February 21, 2014

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An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a clean, safe, and reliable water supply program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2686, as introduced, Perea. Clean, Safe, and Reliable Water Supply Act of 2014.

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Clean, Safe, and Reliable Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance

of bonds in the amount of \$9,250,000,000 pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable water supply program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Division 26.7 (commencing with Section 79700)  
2 of the Water Code, as added by Section 1 of Chapter 3 of the  
3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.  
4 SEC. 2. Division 26.7 (commencing with Section 79700) is  
5 added to the Water Code, to read:

6  
7 DIVISION 26.7. CLEAN, SAFE, AND RELIABLE WATER  
8 SUPPLY ACT OF 2014.

9  
10 CHAPTER 1. SHORT TITLE

11  
12 79700. This division shall be known, and may be cited, as the  
13 Clean, Safe, and Reliable Water Supply Act of 2014.

14  
15 CHAPTER 2. FINDINGS

16  
17 79701. The people of California find and declare all of the  
18 following:

19 (a) Safeguarding supplies of clean and safe drinking water to  
20 California's homes, businesses, and farms is an essential  
21 responsibility of government, and critical to protecting the quality  
22 of life for Californians.

23 (b) Every Californian should have access to clean, safe, and  
24 reliable drinking water, consistent with the human right to water  
25 and Section 106.3. Providing adequate supplies of clean, safe, and  
26 reliable drinking water is vital to keeping California's economy  
27 growing and strong.

1 (c) Climate change has impaired California's capacity to ensure  
2 clean, safe, and reliable drinking water, as droughts have become  
3 more frequent and more severe, and ecosystems have become  
4 stressed. Higher temperatures mean less snow pack, which is the  
5 state's largest water reservoir. Scientists project a loss of at least  
6 25 percent of the snow pack in the Sierra Nevada Mountains by  
7 2050. The Colorado River basin, which provides drinking water  
8 to southern California, has experienced prolonged drought.

9 (d) California's water infrastructure continues to age and  
10 deteriorate. More than 50 years ago, Californians approved the  
11 construction of the State Water Project. In the decades that  
12 followed, California's water leaders developed the most  
13 sophisticated system of state, federal, regional, and local water  
14 infrastructure anywhere in the world. In recent decades, however,  
15 that water infrastructure and the water environment on which it  
16 depends have deteriorated.

17 (e) In the years since the voters approved the State Water  
18 Project, California's population has continued to grow, from less  
19 than 16 million in 1960 to more than 37 million in 2010. A growing  
20 population and a growing economy have put greater stress on  
21 California's natural resources, including water. The Department  
22 of Finance projects that California's population will reach 50  
23 million by 2049.

24 (f) A growing population and a growing economy have put  
25 greater stress on California's natural resources, including water.  
26 Contamination of groundwater aquifers from economic activity  
27 in the agricultural and industrial sectors has threatened vital  
28 drinking water supplies.

29 (g) As California and its water infrastructure have grown,  
30 increasing demands on California's limited water supplies and  
31 deteriorating aquatic ecosystems have led to intense conflict,  
32 further threatening the reliability of clean and safe drinking water.

33 79702. The people of California find and declare all of the  
34 following:

35 (a) A sustainable water future can provide the means for  
36 California to maintain vibrant communities, globally competitive  
37 agriculture, and healthy ecosystems, which are all a part of the  
38 quality of life that attracts so many to live in California.

39 (b) Responding to climate change, ensuring clean and safe  
40 drinking water, and preparing for California's continued growth

1 will require a diversified portfolio of strategies and investments  
2 to address the many water challenges facing California.

3 (c) Improving water quality offers one of the most immediate  
4 steps to ensuring a clean and safe drinking water supply. California  
5 needs water quality improvements at all parts of the hydrologic  
6 cycle, from source water in the watersheds where the state's  
7 drinking water supplies originate to wastewater treatment to  
8 improve surface water quality for those who live downstream.

9 (d) Addressing the challenges to the sustainability of the Delta,  
10 the heart of the California water system, will help resolve some  
11 of the conflicts that impede progress in improving the statewide  
12 water system.

13 (e) Enhancing regional water self-reliance offers a key strategy  
14 for addressing climate change and improving water supply  
15 reliability. It helps the Delta and it helps local communities to  
16 address their own water challenges. Water conservation and water  
17 recycling form one part of the regional water self-reliance strategy  
18 and are commonsense methods to make more efficient use of  
19 existing water supplies.

20  
21 CHAPTER 3. DEFINITIONS  
22

23 79703. Unless the context otherwise requires, the definitions  
24 set forth in this section govern the construction of this division, as  
25 follows:

26 (a) "CALFED Bay-Delta Program" means the program  
27 described in the Record of Decision dated August 28, 2000.

28 (b) "Commission" means the California Water Commission.

29 (c) "Committee" means the Clean, Safe, and Reliable Water  
30 Supply Finance Committee created by Section 79802.

31 (d) "Delta" means the Sacramento-San Joaquin Delta, as defined  
32 in Section 85058.

33 (e) "Delta conveyance facilities" means facilities that convey  
34 water directly from the Sacramento River to the State Water Project  
35 or the federal Central Valley Project pumping facilities in the south  
36 Delta.

37 (f) "Delta counties" means the Counties of Contra Costa,  
38 Sacramento, San Joaquin, Solano, and Yolo.

39 (g) "Department" means the Department of Water Resources.

40 (h) "Director" means the Director of Water Resources.

1 (i) “Disadvantaged community” has the meaning set forth in  
2 subdivision (a) of Section 79505.5.

3 (j) “Economically distressed area” means a municipality with  
4 a population of 20,000 persons or less, a rural county, or a  
5 reasonably isolated and divisible segment of a larger municipality  
6 where the segment of the population is 20,000 persons or less,  
7 with an annual median household income that is less than 85  
8 percent of the statewide median household income, and with one  
9 or more of the following conditions as determined by the  
10 department:

11 (1) Financial hardship.

12 (2) Unemployment rate at least 2 percent higher than the  
13 statewide average.

14 (3) Low population density.

15 (k) “Fund” means the Clean, Safe, and Reliable Water Supply  
16 Fund of 2014 created by Section 79717.

17 (l) “Integrated regional water management plan” has the  
18 meaning set forth in Section 10534.

19 (m) “Nonprofit organization” means an organization qualified  
20 to do business in California and qualified under Section 501(c)(3)  
21 of Title 26 of the United States Code.

22 (n) “Public agency” means a state agency or department, district,  
23 joint powers authority, city, county, city and county, or other  
24 political subdivision of the state.

25 (o) “Rainwater” has the meaning set forth in subdivision (c) of  
26 Section 10573.

27 (p) “Severely disadvantaged community” has the meaning set  
28 forth in subdivision (n) of Section 116760.20 of the Health and  
29 Safety Code.

30 (q) “Small community water system” means a community water  
31 system that serves no more than 3,300 service connections or a  
32 yearlong population of no more than 10,000 persons.

33 (r) “State General Obligation Bond Law” means the State  
34 General Obligation Bond Law (Chapter 4 (commencing with  
35 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
36 Code).

37 (s) “State small water system” has the meaning set forth in  
38 subdivision (n) of Section 116275 of the Health and Safety Code.

39 (t) “Stormwater” has the meaning set forth in subdivision (e)  
40 of Section 10573.

## CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79706. Unless otherwise specified, up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the State Water Resources Control Board. Watershed monitoring shall be integrated into the statewide watershed program administered by the Department of Conservation.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 9 (commencing with Section 79760).

79708. (a) Prior to disbursing grants or loans pursuant to this division, each state agency that receives an appropriation from the funding made available by this division to administer a competitive grant or loan program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of grants or loans to be awarded.

(b) Prior to disbursing grants or loans, the state agency shall conduct three public meetings to consider public comments prior to finalizing the guidelines. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before the public meetings. One meeting shall be conducted at a location in northern California, one meeting shall be conducted at a location in the central valley of California, and one meeting shall be conducted at a location in southern California. Upon adoption, the state agency shall transmit copies of the

1 guidelines to the fiscal committees and the appropriate policy  
2 committees of the Legislature.

3 79709. It is the intent of the people that:

4 (a) The investment of public funds pursuant to this division will  
5 result in public benefits that address the most urgent statewide  
6 needs and priorities for public funding.

7 (b) Beneficiaries pay for the benefits they receive from projects  
8 funded pursuant to this division.

9 (c) Any relevant statute enacted before voters approve this bond  
10 shall be considered in the appropriation and expenditure of the  
11 funding authorized by this division.

12 (d) In the appropriation and expenditure of funding authorized  
13 by this division, priority shall be given to projects that leverage  
14 private, federal, or local funding or produce the greatest public  
15 benefit.

16 (e) A funded project advances the purposes of the chapter from  
17 which the project received funding.

18 (f) In making decisions regarding water resources, state and  
19 local water agencies use the best available science to inform those  
20 decisions.

21 (g) Special consideration will be given to projects that employ  
22 new or innovative technology or practices, including decision  
23 support tools that demonstrate the multiple benefits of integrating  
24 multiple jurisdictions, including, but not limited to, water supply,  
25 flood control, land use, and sanitation.

26 (h) Projects funded with proceeds from this division shall  
27 contribute to improving the sustainability of local communities.

28 (i) Except as provided in Sections 79726 and 79727, the costs  
29 of stewardship, operation, and maintenance of the projects funded  
30 by this division shall be paid from other sources of revenue that  
31 are sustainable over the long term.

32 (j) Evaluation of projects considered for funding pursuant to  
33 this division shall include review by professionals in the fields  
34 relevant to the proposed project.

35 (k) To the extent practicable, a project supported by funds made  
36 available by this division shall include signage informing the public  
37 that the project received funds from the Clean, Safe, and Reliable  
38 Water Supply Act of 2014.

1 (l) Projects funded with proceeds from this division shall be  
2 consistent with Division 7 (commencing with Section 13000) of  
3 this code and Section 13100 of the Government Code.

4 79710. (a) The California State Auditor shall annually conduct  
5 a programmatic review and an audit of expenditures from the fund.

6 (b) Notwithstanding Section 10231.5 of the Government Code,  
7 the California State Auditor shall report its findings annually on  
8 or before March 1 to the Governor and the Legislature, and shall  
9 make the findings available to the public.

10 (c) If an audit, required by statute, of a public agency that  
11 receives funding authorized by this division is conducted pursuant  
12 to state law and reveals any impropriety, the California State  
13 Auditor or the Controller may conduct a full audit of any or all of  
14 the activities of the public agency.

15 (d) The state agency issuing any grant or loan with funding  
16 authorized by this division shall require adequate reporting of the  
17 expenditures of the funding from the grant or loan.

18 79711. (a) Funds provided by this division shall not be  
19 expended to support or pay for the costs of environmental  
20 mitigation measures or environmental compliance obligations of  
21 any party except as part of the environmental mitigation costs of  
22 projects financed by this division. Funds provided by this division  
23 may be used for environmental enhancements or other public  
24 benefits.

25 (b) Funds provided by this division shall not be expended for  
26 the acquisition or transfer of water rights except for a permanent  
27 dedication of water approved in accordance with Section 1707  
28 where the state board specifies that the water is in addition to water  
29 that is required for regulatory requirements as provided in  
30 subdivision (c) of Section 1707. The requirement that a dedication  
31 of water be permanent shall not preclude the expenditure of funds  
32 provided by this division for the initiation of the dedication as a  
33 short-term or temporary urgency change, that is approved in  
34 accordance with Section 1707 and either Chapter 6.6 (commencing  
35 with Section 1435) of, or Chapter 10.5 (commencing with Section  
36 1725) of, Part 2 of Division 2, during the period required to prepare  
37 any environmental documentation and for approval of permanent  
38 dedication.

39 79712. Funds provided by this division shall not be expended  
40 to pay the costs of the design, construction, operation, mitigation,



1 or maintenance of Delta conveyance facilities. Those costs shall  
2 be the responsibility of the water agencies that benefit from the  
3 design, construction, operation, or maintenance of those facilities.

4 79713. (a) This division does not diminish, impair, or  
5 otherwise affect in any manner whatsoever any area of origin,  
6 watershed of origin, county of origin, or any other water rights  
7 protections, including, but not limited to, rights to water  
8 appropriated prior to December 19, 1914, provided under the law.  
9 This division does not limit or affect the application of Article 1.7  
10 (commencing with Section 1215) of Chapter 1 of Part 2 of Division  
11 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and  
12 11463, and Sections 12200 to 12220, inclusive.

13 (b) For the purposes of this division, an area that utilizes water  
14 that has been diverted and conveyed from the Sacramento River  
15 hydrologic region, for use outside the Sacramento River hydrologic  
16 region or the Delta, shall not be deemed to be immediately adjacent  
17 thereto or capable of being conveniently supplied with water  
18 therefrom by virtue or on account of the diversion and conveyance  
19 of that water through facilities that may be constructed for that  
20 purpose after January 1, 2014.

21 (c) Nothing in this division supersedes, limits, or otherwise  
22 modifies the applicability of Chapter 10 (commencing with Section  
23 1700) of Part 2 of Division 2, including petitions related to any  
24 new conveyance constructed or operated in accordance with  
25 Chapter 2 (commencing with Section 85320) of Part 4 of Division  
26 35.

27 (d) Unless otherwise expressly provided, nothing in this division  
28 supersedes, reduces, or otherwise affects existing legal protections,  
29 both procedural and substantive, relating to the state board's  
30 regulation of diversion and use of water, including, but not limited  
31 to, water right priorities, the protection provided to municipal  
32 interests by Sections 106 and 106.5, and changes in water rights.  
33 Nothing in this division expands or otherwise alters the state  
34 board's existing authority to regulate the diversion and use of water  
35 or the courts' existing concurrent jurisdiction over California water  
36 rights.

37 (e) Nothing in this division shall be construed to affect the  
38 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing  
39 with Section 5093.50) of Division 5 of the Public Resources Code)  
40 and funds authorized pursuant to this division shall not be available

1 for any project that could have an adverse effect on the free flowing  
2 condition of a wild and scenic river or any other river afforded  
3 protections pursuant to the California Wild and Scenic Rivers Act.

4 (f) Nothing in this division supersedes, limits, or otherwise  
5 modifies the Sacramento-San Joaquin Delta Reform Act of 2009  
6 (Division 35 (commencing with Section 85000)).

7 79714. Eligible applicants under this division are public  
8 agencies, federally recognized Indian tribes, nonprofit  
9 organizations, public utilities, and mutual water companies. To be  
10 eligible for funding under this division, a project proposed by a  
11 public utility that is regulated by the Public Utilities Commission  
12 or a mutual water company shall have a clear and definite public  
13 purpose and shall benefit the customers of the water system.

14 79715. The Legislature may enact legislation necessary to  
15 implement programs funded by this division.

16 79716. (a) Unless otherwise specified, any state agency that  
17 has the statutory authority to implement one or more of the  
18 purposes specified in this bond may be eligible for appropriations  
19 from the funding made available by this division.

20 (b) Funding made available by this division shall not be  
21 appropriated to a specific project.

22 (c) Projects funded pursuant to this division shall use the services  
23 of the California Conservation Corps or certified community  
24 conservation corps, as defined in Section 14507.5 of the Public  
25 Resources Code, whenever feasible.

26 79717. The proceeds of bonds issued and sold pursuant to this  
27 division shall be deposited in the Clean, Safe, and Reliable Water  
28 Supply Fund of 2014, which is hereby created in the State Treasury.

29 79718. (a) The funding authorized by this division shall be  
30 subject to the oversight of a state agency established by statute for  
31 that purpose.

32 (b) Each state agency that receives an appropriation of funding  
33 made available by this division shall be responsible for establishing  
34 metrics of success and reporting the status of projects and all uses  
35 of the funding on the state's bond accountability Internet Web site,  
36 as provided by statute.

CHAPTER 5. CLEAN AND SAFE DRINKING WATER

79720. The sum of one billion dollars (\$1,000,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures, grants, and loans for projects that improve water quality or help provide clean and safe drinking water to all Californians.

79721. The projects eligible for funding pursuant to this chapter shall help improve water quality for a beneficial use. The purposes of this chapter are to:

(a) Reduce contaminants in drinking water supplies regardless of the source of the water or the contamination, including the assessment and prioritization of the risk to the safety of drinking water supplies.

(b) Address the critical and immediate needs of disadvantaged, rural, or small communities that suffer from contaminated drinking water supplies, including, but not limited to, projects that address a public health emergency.

(c) Leverage other private, federal, state, and local drinking water quality and wastewater treatment funds.

(d) Reduce contaminants in discharges to, and improve the quality of, surface water streams.

(e) Improve water quality of surface water streams, including multibenefit stormwater quality projects.

(f) Prevent further contamination of drinking water supplies.

(g) Provide disadvantaged communities with public drinking water infrastructure that provides clean and safe drinking water supplies that the community can sustain over the long term.

(h) Ensure access to clean, safe, and affordable drinking water for California's communities.

79722. (a) A project that receives funding under this chapter shall be selected by a competitive grant or loan process with added consideration for those projects that leverage private, federal, or local funding. This subdivision shall not apply to projects for the purposes of Section 79727 that address a public health priority for which no other source of funding can be identified.

(b) An agency administering grants or loans for the purposes of this chapter shall assess the capacity of a community to pay for the operation and maintenance of the facility to be funded.

(c) A project that receives funding authorized by this chapter may be implemented by any public water system or other public water agency.

79723. An applicant for a project to clean up a groundwater aquifer shall demonstrate that a public agency has authority to manage the water resources in that aquifer in order to be eligible for funding pursuant to this chapter. This section does not apply to projects that install treatment facilities at the wellhead, customer connection, or the tap.

79724. The contaminants that may be addressed with funding pursuant to this chapter may include, but shall not be limited to, nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic, selenium, hexavalent chromium, mercury, PCE (perchloroethylene), TCE (trichloroethylene), DCE (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP (trichloropropane), carbon tetrachloride, 1,4-dioxane, 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron, manganese, and uranium.

79725. Of the funds authorized in Section 79720, not less than four hundred million dollars (\$400,000,000) shall be available for deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund created pursuant to Section 13477.6 for grants for wastewater treatment projects. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards. Projects shall include, but not be limited to, projects that identify, plan, design, and implement regional mechanisms to consolidate wastewater systems or provide affordable treatment technologies.

79726. (a) Of the funds authorized in Section 79720, one hundred million dollars (\$100,000,000) shall be available for deposit in the Emergency Clean Water Grant Fund, established pursuant to Section 116475 of the Health and Safety Code, for grants and direct expenditures to finance public health emergencies and urgent actions, as may be determined by the Legislature, to ensure that safe drinking water supplies are available to all Californians. Eligible projects include, but are not limited to, the following:

(1) Providing interim water supplies, including, but not limited to, bottled water, where necessary to protect public health.

1 (2) Identifying, planning, designing, and constructing projects  
2 that improve existing water systems to provide safe, reliable,  
3 accessible, and affordable drinking water, provide other sources  
4 of safe drinking water, including, but not limited to, replacement  
5 wells, and prevent contamination.

6 (3) Establishing connections to an adjacent water system.

7 (4) The design, purchase, installation, and initial operating costs  
8 for interim water treatment equipment and systems.

9 (b) The administering entity may expend up to ten million  
10 dollars (\$10,000,000) for grants and loans to address the water  
11 quality needs of private well owners that have no other source of  
12 funding and serve members of a disadvantaged community.

13 79727. (a) Of the funds authorized in Section 79720, four  
14 hundred million dollars (\$400,000,000) shall be available for grants  
15 and loans for public water system infrastructure improvements  
16 and related actions to meet safe drinking water standards, ensure  
17 affordable drinking water, or both. Priority shall be given to  
18 projects that provide treatment for contamination or access to an  
19 alternate drinking water source or sources for small community  
20 water systems or state small water systems in disadvantaged  
21 communities whose drinking water source is impaired by chemical  
22 and nitrate contaminants and other health hazards identified by  
23 the implementing agency. Eligible recipients serve disadvantaged  
24 communities and are public agencies or incorporated mutual water  
25 companies. The implementing agency may make grants for the  
26 purpose of financing feasibility studies and to meet the eligibility  
27 requirements for a construction grant. Eligible expenses may  
28 include initial and ongoing operation and maintenance costs for  
29 systems serving disadvantaged communities. Special consideration  
30 shall be given to projects that provide shared solutions for multiple  
31 communities, at least one of which is a disadvantaged community  
32 that lacks safe, affordable drinking water and is served by a small  
33 community water system, state small water system, or a private  
34 well. Construction grants shall be limited to five million dollars  
35 (\$5,000,000) per project, except that the implementing agency  
36 may set a limit of not more than twenty million dollars  
37 (\$20,000,000) for projects that provide regional benefits or are  
38 shared among multiple entities, at least one of which shall be a  
39 small disadvantaged community. Not more than 25 percent of a  
40 grant may be awarded in advance of actual expenditures.

(b) The administering entity may expend up to twenty-five million dollars (\$25,000,000) of the funds allocated in subdivision (a) for technical assistance to eligible communities.

79728. Of the funds authorized in Section 79720, up to one hundred million dollars (\$100,000,000) shall be available for improving groundwater quality, including, but not limited to, the costs of planning, design, and construction of improvements necessary to resume delivery of safe drinking water.

79729. (a) For the purposes of awarding funding under this chapter, a local cost share of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community or an economically distressed area.

(b) At least 10 percent of the funds available pursuant to this chapter shall be allocated for projects serving severely disadvantaged communities.

(c) Funding authorized pursuant to this chapter shall include funding for technical assistance to disadvantaged communities. The agency administering this funding shall operate a multidisciplinary technical assistance program for small and disadvantaged communities.

(d) Funding for planning activities, including technical assistance, to benefit disadvantaged communities may exceed 10 percent of the funds allocated, subject to the determination of the need for additional planning funding by the state agency administering the funding.

#### CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL WATERS, AND WATERSHEDS

79730. (a) The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available, upon appropriation by the Legislature from the fund, in accordance with this chapter, for expenditures and grants for multibenefit ecosystem and watershed protection and restoration projects in accordance with statewide priorities.

(b) Of the funds made available by this section, the following specified amounts shall be made available to the specified regions, with consideration of the population of each region:

(1) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the North Coast region.

(2) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the San Francisco Bay Area.

(3) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Sierra Nevada and Cascade Range region.

(4) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Central Coast region.

(5) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Central Valley region.

(6) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Southern California region.

79731. In protecting and restoring California rivers, lakes, streams, and watersheds, the purposes of this chapter are to:

(a) Protect and increase the economic benefits arising from healthy watersheds, fishery resources, and instream flow.

(b) Implement watershed adaptation projects in order to reduce the impacts of climate change on California's communities and ecosystems.

(c) Restore river parkways throughout the state, including, but not limited to, projects pursuant to the California River Parkway Act of 2004 (Chapter 3.8 (commencing with Section 5750) of Division 5 of the Public Resources Code), in the Urban Streams Restoration Program established pursuant to Section 7048, and urban river greenways.

(d) Protect and restore aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors and the acquisition of water rights for instream flow pursuant to Section 1707.

(e) Fulfill the obligations of the State of California in complying with the terms of multiparty settlement agreements related to water resources.

(f) Remove barriers to fish passage.

(g) Collaborate with federal agencies in the protection of fish native to California and wetlands in the central valley of California.

(h) Implement fuel treatment projects to reduce wildfire risks, protect watersheds tributary to water storage facilities, and promote watershed health.

(i) Protect and restore rural and urban watershed health to improve watershed storage capacity, forest health, protection of life and property, stormwater resource management, and greenhouse gas reduction.

1 (j) Promote access and recreational opportunities to watersheds  
2 and waterways that are compatible with habitat values and water  
3 quality objectives.

4 (k) Promote educational opportunities to instruct and inform  
5 Californians, including young people, about the value of  
6 watersheds.

7 (l) Protect and restore coastal watersheds, including, but not  
8 limited to, bays, marine estuaries, and nearshore ecosystems.

9 (m) Reduce pollution or contamination of rivers, lakes, streams,  
10 or coastal waters, prevent and remediate mercury contamination  
11 from legacy mines, and protect or restore natural system functions  
12 that contribute to water supply, water quality, or flood management.

13 (n) Assist in the recovery of endangered, threatened, or  
14 migratory species by improving watershed health, instream flows  
15 pursuant to Section 1707, fish passage, coastal or inland wetland  
16 restoration, or other means, such as natural community  
17 conservation plan and habitat conservation plan implementation.

18 (o) Promote urban forestry pursuant to the Urban Forest Act of  
19 1978 (Chapter 2 (commencing with Section 4799.06) of Division  
20 4 of the Public Resources Code).

21 79732. For restoration and ecosystem protection projects under  
22 this chapter, the services of the California Conservation Corps or  
23 a local conservation corps certified by the California Conservation  
24 Corps shall be used whenever feasible.

25 79733. (a) Notwithstanding Section 79711, of the funds  
26 authorized in Section 79730, five hundred million dollars  
27 (\$500,000,000) shall be available to fulfill the obligations of the  
28 State of California in complying with the terms of any of the  
29 following:

30 (1) The February 18, 2010, Klamath Basin Restoration  
31 Agreement.

32 (2) The Quantification Settlement Agreement, as defined in  
33 subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.

34 (3) The San Joaquin River Restoration Settlement, as described  
35 in Part I of Subtitle A of Title X of Public Law 111-11.

36 (4) Section 3406(d) of Title 34 of Public Law 102-575.

37 (5) Other multiparty settlement agreements in effect as of  
38 January 1, 2014, including the Tahoe Regional Planning Compact  
39 set forth in Section 66801 of the Government Code.



1 (b) Of the funds authorized in Section 79730, two hundred fifty  
2 million dollars (\$250,000,000) shall be available to the Natural  
3 Resources Agency to support projects of a state conservancy as  
4 provided in the conservancy's strategic plan.

5 (c) In order to guide the expenditure of funds described in this  
6 chapter, the Natural Resources Agency shall develop a statewide  
7 natural resource protection plan to identify priorities consistent  
8 with the purposes of this section. All expenditures by state  
9 conservancies and state agencies of funds described in this section  
10 shall advance the priorities set forth in the statewide natural  
11 resource protection plan.

12 (d) In coordination with the Natural Resources Agency, all state  
13 conservancies expending funds provided pursuant to subdivision  
14 (b) shall provide biannual written reports to the Natural Resources  
15 Agency on expenditures made and how those expenditures advance  
16 the statewide priorities set forth in the statewide natural resource  
17 protection plan developed pursuant to subdivision (c). The Natural  
18 Resources Agency shall produce and make available to the public  
19 biannual written reports on total expenditures made and progress  
20 toward meeting statewide priorities.

21 79734. For the purposes of this chapter, the terms "protection"  
22 and "restoration" have the meanings set forth in Section 75005 of  
23 the Public Resources Code.

24  
25 CHAPTER 7. CLIMATE CHANGE PREPAREDNESS FOR REGIONAL  
26 WATER SECURITY  
27

28 79740. The sum of one billion five hundred million dollars  
29 (\$1,500,000,000) shall be available, upon appropriation by the  
30 Legislature from the fund, for expenditures and competitive grants  
31 and loans to projects that respond to climate change and contribute  
32 to regional water security as provided in this chapter.

33 79741. In order to improve regional water self-reliance security  
34 and adapt to the effects on water supply arising out of climate  
35 change, the purposes of this chapter are to:

36 (a) Help water infrastructure systems adapt to climate change,  
37 including, but not limited to, sea level rise.

38 (b) Incentivize water agencies throughout each watershed to  
39 collaborate in managing the region's water resources and setting  
40 regional priorities for water infrastructure.

1 (c) Improve regional water self-reliance, including projects that  
2 reduce future reliance on the Delta watershed in meeting  
3 California's future water supply needs, consistent with Section  
4 85021.

5 (d) Fund the increment of project costs related to the project's  
6 public benefits.

7 79742. (a) In selecting among proposed projects in a  
8 watershed, the scope of the adopted integrated regional water  
9 management plan may be considered by the administering state  
10 agency, with priority going to projects in plans that cover a greater  
11 portion of the watershed. If a plan covers substantially all of the  
12 watershed then the plan's project priorities shall be given deference.

13 (b) An urban water supplier that does not prepare, adopt, and  
14 submit its urban water management plan in accordance with the  
15 Urban Water Management Planning Act (Part 2.6 (commencing  
16 with Section 10610) of Division 6) is ineligible to apply for funds  
17 made available pursuant to this chapter until the urban water  
18 management plan is prepared and submitted in accordance with  
19 the requirements of that act.

20 (c) An agricultural water supplier that does not prepare, adopt,  
21 and submit its agricultural water management plan in accordance  
22 with the Agricultural Water Management Planning Act (Part 2.8  
23 (commencing with Section 10800) of Division 6) is ineligible to  
24 apply for funds made available pursuant to this chapter until the  
25 agricultural water management plan is prepared and submitted in  
26 accordance with the requirements of that act.

27 (d) A local agency that does not prepare, adopt, and submit its  
28 groundwater management plan in accordance with Part 2.75  
29 (commencing with Section 10750) of Division 6 is ineligible to  
30 apply for funds made available pursuant to this chapter until the  
31 plan is prepared and submitted in accordance with the requirements  
32 of that part. The groundwater management plan requirement shall  
33 not apply to a water replenishment district formed pursuant to  
34 Division 18 (commencing with Section 60000) or to a local agency  
35 that serves or has authority to manage an adjudicated groundwater  
36 basin.

37 (e) For the purposes of awarding funding under this chapter, a  
38 cost share from nonstate sources of not less than 50 percent of the  
39 total costs of the project shall be required. The cost sharing  
40 requirement may be waived or reduced for projects that directly

1 benefit a disadvantaged community or an economically distressed  
2 area.

3 (f) Not less than 10 percent of the funds authorized by this  
4 chapter shall be allocated to projects that directly benefit  
5 disadvantaged communities.

6 (g) For the purposes of awarding a grant under this chapter, the  
7 applicant shall demonstrate that the integrated regional water  
8 management plan the applicant's project implements addresses  
9 the risks in the region to water supply and water infrastructure  
10 arising from climate change.

11 (h) Projects that achieve multiple benefits shall receive special  
12 consideration.

13 79743. Subject to the determination of regional priorities by  
14 the regional water management group, eligible projects may  
15 include, but are not limited to, projects that promote any of the  
16 following:

17 (a) Water reuse and recycling.

18 (b) Water-use efficiency and water conservation.

19 (c) Local and regional surface and underground water storage,  
20 including groundwater aquifer cleanup or recharge projects.

21 (d) Regional water conveyance facilities that improve integration  
22 of separate water systems.

23 (e) Watershed protection, restoration, and management projects.

24 (f) Stormwater resource management, including, but not limited  
25 to, the following:

26 (1) Projects to reduce, manage, treat, or capture rainwater or  
27 stormwater.

28 (2) Projects that provide multiple benefits such as water quality,  
29 water supply, flood control, or open space.

30 (3) Decision support tools that evaluate the benefits and costs  
31 of multibenefit stormwater projects.

32 (4) Projects to implement a stormwater resource plan developed  
33 in accordance with Part 2.3 (commencing with Section 10560) of  
34 Division 6.

35 (g) Conjunctive use of surface and groundwater storage  
36 facilities.

37 (h) Water desalination projects, including projects that  
38 incorporate renewable energy generation and reduce regional  
39 reliance on water from the Delta watershed to meet California's  
40 future water supply needs pursuant to Section 85021.

(i) Decision support tools to model regional water management strategies to account for climate change and other changes in regional demand and supply projections.

79744. (a) Of the funds authorized in Section 79740, one billion dollars (\$1,000,000,000) shall be allocated to the hydrologic regions as identified in the California Water Plan in accordance with this section. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County (designated as the San Diego subregion), the Santa Ana River watershed and southern Orange County (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. For purposes of this subdivision, the Sacramento River hydrologic region does not include the Delta. For purposes of this subdivision, the Mountain Counties Overlay is not eligible for funds from the Sacramento River hydrologic region or the San Joaquin River hydrologic region. Multiple integrated regional water management plans may be recognized in each of the areas allocated funding.

(b) Funds made available by this chapter shall be allocated as follows:

- (1) North Coast: \$45,000,000.
- (2) San Francisco Bay: \$132,000,000.
- (3) Central Coast: \$58,000,000.
- (4) Los Angeles subregion: \$198,000,000.
- (5) Santa Ana subregion: \$128,000,000.
- (6) San Diego subregion: \$87,000,000.
- (7) Sacramento River: \$76,000,000.
- (8) San Joaquin River: \$64,000,000.
- (9) Tulare/Kern: \$70,000,000.
- (10) North/South Lahontan: \$51,000,000.
- (11) Colorado River Basin: \$47,000,000.
- (12) Mountain Counties Overlay: \$44,000,000.

79745. (a) Of the funds authorized by Section 79740, up to two hundred fifty million dollars (\$250,000,000) may be used for direct expenditures, grants, and loans for water conservation and

1 water use efficiency plans, projects, and programs, including either  
2 of the following:

3 (1) Urban water conservation plans, projects, and programs,  
4 including regional projects and programs, implemented to achieve  
5 urban water use targets developed pursuant to Section 10608.20.  
6 Priority for funding shall be given to programs that do any of the  
7 following:

8 (A) Assist water suppliers and regions to implement  
9 conservation programs and measures that are not locally  
10 cost-effective.

11 (B) Support water supplier and regional efforts to implement  
12 programs targeted to enhance water use efficiency for commercial,  
13 industrial, and institutional water users.

14 (C) Assist water suppliers and regions with programs and  
15 measures targeted toward realizing the conservation benefits of  
16 implementation of the provisions of the state landscape model  
17 ordinance.

18 (2) Agricultural water management plans or agricultural water  
19 use efficiency projects and programs developed pursuant to Part  
20 2.8 (commencing with Section 10800) of Division 6.

21 (b) Section 1011 applies to all conservation measures that an  
22 agricultural water supplier or an urban water supplier implements  
23 with funding under this chapter. This subdivision does not limit  
24 the application of Section 1011 to any other measures or projects  
25 implemented by a water supplier.

26 79746. Of the funds authorized by Section 79740, the sum of  
27 five hundred million dollars (\$500,000,000) shall be available,  
28 upon appropriation by the Legislature from the fund, for grants  
29 and loans for water recycling and advanced treatment technology  
30 projects, including all of the following:

31 (a) Water recycling projects.

32 (b) Contaminant and salt removal projects, including, but not  
33 limited to, groundwater and seawater desalination.

34 (c) Dedicated distribution infrastructure for recycled water and  
35 commercial and industrial end-user retrofit projects to allow use  
36 of recycled water.

37 (d) Pilot projects for new salt and contaminant removal  
38 technology.

39 (e) Groundwater recharge infrastructure related to recycled  
40 water.

1 (f) Technical assistance and grant writing assistance for  
2 disadvantaged communities.

3 (g) For projects funded pursuant to this section, at least a 50  
4 percent local cost share shall be required. That cost share may be  
5 suspended or reduced for disadvantaged communities and  
6 economically distressed areas.

7 (h) Projects funded pursuant to this section shall be selected on  
8 a competitive basis, considering all of the following criteria:

9 (1) Water supply reliability improvement.

10 (2) Water quality and ecosystem benefits related to decreased  
11 reliance on diversions from the Delta or instream flows.

12 (3) Public health benefits from improved drinking water quality.

13 (4) Cost effectiveness.

14 (5) Energy efficiency and greenhouse gas emission impacts.

15 (i) For the purposes of this section, eligible projects shall  
16 implement a plan or strategy by one or more regional water  
17 agencies or integrated regional water management groups to  
18 incorporate water recycling into the region's water supplies.

19 79747. (a) Of the funds authorized by Section 79740, up to  
20 two hundred fifty million dollars (\$250,000,000) may be available  
21 for grants and loans for multibenefit stormwater management  
22 projects.

23 (b) Eligible projects may include, but shall not be limited to,  
24 green infrastructure, rainwater and stormwater capture projects,  
25 and stormwater treatment facilities.

26 (c) Development of plans for stormwater projects shall address  
27 the entire watershed and incorporate the perspectives of  
28 communities adjacent to the affected waterways, especially  
29 disadvantaged communities.

30 79748. In order to receive funding authorized by this chapter  
31 to address groundwater quality or supply in an aquifer, the  
32 applicant shall demonstrate that a public agency has authority to  
33 manage the water resources in that aquifer. A groundwater  
34 management plan adopted and approved pursuant to Part 2.75  
35 (commencing with Section 10750) of Division 6 shall be deemed  
36 sufficient to satisfy the requirements of this section.

CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA  
SUSTAINABILITY

79750. (a) The sum of two billion two hundred fifty million dollars (\$2,250,000,000) shall be available, upon appropriation by the Legislature from the fund, for grants and direct expenditures to improve the sustainability of the Delta.

(b) This chapter provides state funding for public benefits associated with projects needed to assist in the Delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.

79751. In order to promote the sustainability and resiliency of the Delta, the purposes of this chapter are to:

(a) Protect, restore, and enhance the Delta ecosystem.

(b) Maintain and improve existing Delta levees.

(c) Promote the sustainability of the Delta.

79752. The funds authorized in Section 79750 shall not be used to pay the costs of a public agency exercising eminent domain to acquire or use property. All property acquired with moneys available pursuant to this chapter shall be acquired from willing sellers.

79754. Funding authorized by this chapter for the purpose of subdivision (a) of Section 79751 may include, but is not limited to, the following:

(a) Projects to protect and restore native fish and wildlife dependent on the Delta ecosystem, including improvement of aquatic or terrestrial habitat or the removal or reduction of undesirable invasive species.

(b) Projects to reduce greenhouse gas emissions from exposed Delta soils.

(c) Scientific studies and assessments that support the projects authorized under this section.

79755. (a) Funding authorized by this chapter for the purpose of subdivision (b) of Section 79751 shall reduce the risk of levee failure and flood in the Delta and may be expended, consistent with the Delta levee investment priorities recommended pursuant to Section 85306, for any of the following:

(1) Local assistance under the Delta levee maintenance subventions program under Part 9 (commencing with Section 12980) of Division 6, as that part may be amended.

1 (2) Special flood protection projects under Chapter 2  
2 (commencing with Section 12310) of Part 4.8 of Division 6, as  
3 that chapter may be amended.

4 (3) Levee improvement projects that increase the resiliency of  
5 levees within the Delta to withstand earthquake, flooding, or sea  
6 level rise.

7 (4) Emergency response and repair projects.

8 (b) All projects funded pursuant to this section shall be subject  
9 to Section 79050.

10  
11 CHAPTER 9. STATEWIDE WATER SYSTEM OPERATIONAL  
12 IMPROVEMENT  
13

14 79760. (a) Notwithstanding Section 162, the commission may  
15 make the determinations, findings, and recommendations required  
16 of it by this chapter independent of the views of the director. All  
17 final actions by the commission in implementing this chapter shall  
18 be taken by a majority of the members of the commission at a  
19 public meeting noticed and held pursuant to the Bagley-Keene  
20 Open Meeting Act (Article 9 (commencing with Section 11120)  
21 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government  
22 Code).

23 (b) Notwithstanding Section 13340 of the Government Code,  
24 the sum of three billion dollars (\$3,000,000,000) is hereby  
25 continuously appropriated from the fund, without regard to fiscal  
26 years, to the commission for public benefits associated with water  
27 storage projects that improve the operation of the state water  
28 system, are cost effective, and provide a net improvement in  
29 ecosystem and water quality conditions, in accordance with this  
30 chapter. Funds authorized for, or made available to, the commission  
31 pursuant to this chapter shall be available and expended only for  
32 the purposes provided in this chapter, and shall not be subject to  
33 appropriation or transfer by the Legislature or the Governor for  
34 any other purpose.

35 (c) Projects shall be selected by the commission through a  
36 competitive public process that ranks potential projects based on  
37 the expected return for public investment as measured by the  
38 magnitude of the public benefits provided, pursuant to criteria  
39 established under this chapter.



(d) Any project constructed with funds provided by this chapter shall be subject to Section 11590.

79761. Projects for which the public benefits are eligible for funding under this chapter consist of only the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000, except for projects prohibited by Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code.

(b) Groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits.

(c) Conjunctive use and reservoir reoperation projects.

(d) Local and regional surface storage projects that improve the operation of water systems in the state and provide public benefits.

79762. A project shall not be funded pursuant to this chapter unless it provides measurable improvements to the Delta ecosystem or to the tributaries to the Delta.

79763. (a) Funds allocated pursuant to this chapter may be expended solely for the following public benefits associated with water storage projects:

(1) Ecosystem improvements, including changing the timing of water diversions, improvement in flow conditions, temperature, or other benefits that contribute to restoration of aquatic ecosystems and native fish and wildlife, including those ecosystems and fish and wildlife in the Delta.

(2) Water quality improvements in the Delta, or in other river systems, that provide significant public trust resources, or that clean up and restore groundwater resources.

(3) Flood control benefits, including, but not limited to, increases in flood reservation space in existing reservoirs by exchange for existing or increased water storage capacity in response to the effects of changing hydrology and decreasing snow pack on California's water and flood management system.

(4) Emergency response, including, but not limited to, securing emergency water supplies and flows for dilution and salinity repulsion following a natural disaster or act of terrorism.

(5) Recreational purposes, including, but not limited to, those recreational pursuits generally associated with the outdoors.

(b) Funds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance

obligations except for those associated with providing the public benefits as described in this section.

79764. In consultation with the Department of Fish and Wildlife, the State Water Resources Control Board, and the department, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Section 79763 by December 15, 2016. The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Wildlife and the priorities and relative environmental value of water quality benefits as provided by the State Water Resources Control Board.

79765. (a) Except as provided in subdivision (c), no funds allocated pursuant to this chapter may be allocated for a project before December 15, 2016, and until the commission approves the project based on the commission's determination that all of the following have occurred:

(1) The commission has adopted the regulations specified in Section 79764 and specifically quantified and made public the cost of the public benefits associated with the project.

(2) The department has entered into a contract with each party that will derive benefits, other than public benefits, as defined in Section 79763, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.

(3) The department has entered into a contract with each public agency identified in Section 79764 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to ensure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.

(4) The commission has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision.

(5) All of the following additional conditions are met:

(A) Feasibility studies have been completed.

1 (B) The commission has found and determined that the project  
2 is feasible, is consistent with all applicable laws and regulations,  
3 and will advance the long-term objectives of restoring ecological  
4 health and improving water management for beneficial uses of the  
5 Delta.

6 (C) All environmental documentation associated with the project  
7 has been completed, and all other federal, state, and local approvals,  
8 certifications, and agreements required to be completed have been  
9 obtained.

10 (b) The commission shall submit to the Legislature its findings  
11 for each of the criteria identified in subdivision (a) for a project  
12 funded pursuant to this chapter.

13 (c) Notwithstanding subdivision (a), funds may be made  
14 available under this chapter for the completion of environmental  
15 documentation and permitting of a project.

16 79766. (a) The public benefit cost share of a project funded  
17 pursuant to this chapter, other than a project described in  
18 subdivision (c) of Section 79761, shall not exceed 50 percent of  
19 the total costs of any project funded under this chapter.

20 (b) No project may be funded unless it provides ecosystem  
21 improvements as described in paragraph (1) of subdivision (a) of  
22 Section 79763 that are at least 50 percent of total public benefits  
23 of the project funded under this chapter.

24 79767. (a) A project is not eligible for funding under this  
25 chapter unless, by January 1, 2018, all of the following conditions  
26 are met:

27 (1) All feasibility studies are complete and draft environmental  
28 documentation is available for public review.

29 (2) The commission makes a finding that the project is feasible,  
30 and will advance the long-term objectives of restoring ecological  
31 health and improving water management for beneficial uses of the  
32 Delta.

33 (3) The director receives commitments for not less than 75  
34 percent of the nonpublic benefit cost share of the project.

35 (b) If compliance with subdivision (a) is delayed by litigation  
36 or failure to promulgate regulations, the date in subdivision (a)  
37 shall be extended by the commission for a time period that is equal  
38 to the time period of the delay, and funding under this chapter that  
39 has been dedicated to the project shall be encumbered until the

1 time at which the litigation is completed or the regulations have  
2 been promulgated.

3 79768. Surface storage projects funded pursuant to this chapter  
4 and described in subdivision (a) of Section 79761 may be made a  
5 unit of the Central Valley Project as provided in Section 11290  
6 and may be financed, acquired, constructed, operated, and  
7 maintained pursuant to Part 3 (commencing with Section 11100)  
8 of Division 6.

9 79769. (a) The funds allocated for the design, acquisition, and  
10 construction of surface storage projects identified in the CALFED  
11 Bay-Delta Record of Decision, dated August 28, 2000, pursuant  
12 to this chapter may be provided for those purposes to local joint  
13 powers authorities formed by irrigation districts and other local  
14 water districts and local governments within the applicable  
15 hydrologic region to design, acquire, and construct those projects.

16 (b) The joint powers authorities described in subdivision (a)  
17 may include in their membership governmental and  
18 nongovernmental partners that are not located within their  
19 respective hydrologic regions in financing the surface storage  
20 projects, including, as appropriate, cost share participation or equity  
21 participation. The department shall be an ex officio member of  
22 each joint powers authority subject to this section, but the  
23 department shall not control the governance, management, or  
24 operation of the surface water storage projects.

25 (c) A joint powers authority subject to this section shall own,  
26 govern, manage, and operate a surface water storage project,  
27 subject to the requirement that the ownership, governance,  
28 management, and operation of the surface water storage project  
29 shall advance the purposes set forth in this chapter.

30 79770. (a) In approving the Clean, Safe, and Reliable Water  
31 Supply Act of 2014, the people were informed and hereby declare  
32 that the provisions of this chapter are necessary, integral, and  
33 essential to meeting the single object or work of the Clean, Safe,  
34 and Reliable Water Supply Act of 2014. As such, any amendment  
35 of the provisions of this chapter by the Legislature without voter  
36 approval would frustrate the scheme and design that induced voter  
37 approval of this act. The people therefore find and declare that any  
38 amendment of the provisions of this chapter by the Legislature  
39 shall require an affirmative vote of two-thirds of the membership  
40 in each house of the Legislature and voter approval.

1 (b) This section shall not govern or be used as authority for  
2 determining whether the amendment of any other provision of this  
3 act not contained in this chapter would constitute a substantial  
4 change in the scheme and design of this act requiring voter  
5 approval.

6  
7 CHAPTER 10. FISCAL PROVISIONS  
8

9 79800. (a) Bonds in the total amount of nine billion two  
10 hundred fifty million dollars (\$9,250,000,000), or so much thereof  
11 as is necessary, not including the amount of any refunding bonds  
12 issued in accordance with Section 79812 may be issued and sold  
13 to provide a fund to be used for carrying out the purposes expressed  
14 in this division and to reimburse the General Obligation Bond  
15 Expense Revolving Fund pursuant to Section 16724.5 of the  
16 Government Code. The bonds, when sold, shall be and constitute  
17 a valid and binding obligation of the State of California, and the  
18 full faith and credit of the State of California is hereby pledged  
19 for the punctual payment of both principal of, and interest on, the  
20 bonds as the principal and interest become due and payable.

21 (b) The Treasurer shall sell the bonds authorized by the  
22 committee pursuant to this section. The bonds shall be sold upon  
23 the terms and conditions specified in a resolution to be adopted  
24 by the committee pursuant to Section 16731 of the Government  
25 Code.

26 79801. The bonds authorized by this division shall be prepared,  
27 executed, issued, sold, paid, and redeemed as provided in the State  
28 General Obligation Bond Law (Chapter 4 (commencing with  
29 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
30 Code), and all of the provisions of that law apply to the bonds and  
31 to this division and are hereby incorporated in this division as  
32 though set forth in full in this division, except subdivisions (a) and  
33 (b) of Section 16727 of the Government Code.

34 79802. (a) Solely for the purpose of authorizing the issuance  
35 and sale pursuant to the State General Obligation Bond Law  
36 (Chapter 4 (commencing with Section 16720) of Part 3 of Division  
37 4 of Title 2 of the Government Code) of the bonds authorized by  
38 this division, the Clean, Safe, and Reliable Water Supply Finance  
39 Committee is hereby created. For purposes of this division, the  
40 Clean, Safe, and Reliable Water Supply Finance Committee is

1 “the committee” as that term is used in the State General Obligation  
2 Bond Law.

3 (b) The committee consists of the Director of Finance, the  
4 Treasurer, the Controller, the Director of Water Resources, and  
5 the Secretary of the Natural Resources Agency. Notwithstanding  
6 any other provision of law, any member may designate a  
7 representative to act as that member in his or her place for all  
8 purposes, as though the member were personally present.

9 (c) The Treasurer shall serve as chairperson of the committee.

10 (d) A majority of the committee may act for the committee.

11 79803. The committee shall determine whether or not it is  
12 necessary or desirable to issue bonds authorized pursuant to this  
13 division in order to carry out the actions specified in this division  
14 and, if so, the amount of bonds to be issued and sold. Successive  
15 issues of bonds may be authorized and sold to carry out those  
16 actions progressively, and it is not necessary that all of the bonds  
17 authorized to be issued be sold at any one time.

18 79804. For purposes of the State General Obligation Bond  
19 Law, “board,” as defined in Section 16722 of the Government  
20 Code, means the Department of Water Resources.

21 79805. There shall be collected each year and in the same  
22 manner and at the same time as other state revenue is collected,  
23 in addition to the ordinary revenues of the state, a sum in an amount  
24 required to pay the principal of, and interest on, the bonds each  
25 year. It is the duty of all officers charged by law with any duty in  
26 regard to the collection of the revenue to do and perform each and  
27 every act that is necessary to collect that additional sum.

28 79806. Notwithstanding Section 13340 of the Government  
29 Code, there is hereby appropriated from the General Fund in the  
30 State Treasury, for the purposes of this division, an amount that  
31 will equal the total of the following:

32 (a) The sum annually necessary to pay the principal of, and  
33 interest on, bonds issued and sold pursuant to this division, as the  
34 principal and interest become due and payable.

35 (b) The sum that is necessary to carry out the provisions of  
36 Section 79809, appropriated without regard to fiscal years.

37 79807. The board may request the Pooled Money Investment  
38 Board to make a loan from the Pooled Money Investment Account  
39 in accordance with Section 16312 of the Government Code for the  
40 purpose of carrying out this division less any amount withdrawn

1 pursuant to Section 79809. The amount of the request shall not  
2 exceed the amount of the unsold bonds that the committee has, by  
3 resolution, authorized to be sold for the purpose of carrying out  
4 this division. The board shall execute those documents required  
5 by the Pooled Money Investment Board to obtain and repay the  
6 loan. Any amounts loaned shall be deposited in the fund to be  
7 allocated in accordance with this division.

8 79808. Notwithstanding any other provision of this division,  
9 or of the State General Obligation Bond Law, if the Treasurer sells  
10 bonds that include a bond counsel opinion to the effect that the  
11 interest on the bonds is excluded from gross income for federal  
12 tax purposes under designated conditions or is otherwise entitled  
13 to any federal tax advantage, the Treasurer may maintain separate  
14 accounts for the bond proceeds invested and for the investment  
15 earnings on those proceeds, and may use or direct the use of those  
16 proceeds or earnings to pay any rebate, penalty, or other payment  
17 required under federal law or take any other action with respect  
18 to the investment and use of those bond proceeds, as may be  
19 required or desirable under federal law in order to maintain the  
20 tax-exempt status of those bonds and to obtain any other advantage  
21 under federal law on behalf of the funds of this state.

22 79809. For the purposes of carrying out this division, the  
23 Director of Finance may authorize the withdrawal from the General  
24 Fund of an amount or amounts not to exceed the amount of the  
25 unsold bonds that have been authorized by the committee to be  
26 sold for the purpose of carrying out this division less any amount  
27 borrowed pursuant to Section 79807. Any amounts withdrawn  
28 shall be deposited in the fund. Any moneys made available under  
29 this section shall be returned to the General Fund, with interest at  
30 the rate earned by the moneys in the Pooled Money Investment  
31 Account, from proceeds received from the sale of bonds for the  
32 purpose of carrying out this division.

33 79810. All moneys deposited in the fund that are derived from  
34 premium and accrued interest on bonds sold pursuant to this  
35 division shall be reserved in the fund and shall be available for  
36 transfer to the General Fund as a credit to expenditures for bond  
37 interest, except that amounts derived from premium may be  
38 reserved and used to pay the cost of bond issuance prior to any  
39 transfer to the General Fund.

1 79811. Pursuant to Chapter 4 (commencing with Section  
2 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
3 the cost of bond issuance shall be paid out of the bond proceeds,  
4 including premium, if any. To the extent the cost of bond issuance  
5 is not paid from premiums received from the sale of bonds, these  
6 costs shall be shared proportionately by each program funded  
7 through this division by the applicable bond sale.

8 79812. The bonds issued and sold pursuant to this division  
9 may be refunded in accordance with Article 6 (commencing with  
10 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
11 the Government Code, which is a part of the State General  
12 Obligation Bond Law. Approval by the voters of the state for the  
13 issuance of the bonds under this division shall include approval  
14 of the issuance of any bonds issued to refund any bonds originally  
15 issued under this division or any previously issued refunding bonds.

16 79813. The proceeds from the sale of bonds authorized by this  
17 division are not “proceeds of taxes” as that term is used in Article  
18 XIII B of the California Constitution, and the disbursement of  
19 these proceeds is not subject to the limitations imposed by that  
20 article.

21 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary  
22 Session of the Statutes of 2009, as amended by Section 1 of  
23 Chapter 74 of the Statutes of 2012, is repealed.

24 SEC. 4. Section 2 of this act shall be submitted to the voters  
25 at the November 4, 2014, statewide general election in accordance  
26 with provisions of the Government Code and the Elections Code  
27 governing the submission of a statewide measure to the voters.

28 SEC. 5. Section 2 of this act shall take effect upon the approval  
29 by the voters of the Clean, Safe, and Reliable Water Supply Act  
30 of 2014, as set forth in that section at the November 4, 2014,  
31 statewide general election.

32 SEC. 6. This act is an urgency statute necessary for the  
33 immediate preservation of the public peace, health, or safety within  
34 the meaning of Article IV of the Constitution and shall go into  
35 immediate effect. The facts constituting the necessity are:

36 In order to fund clean, safe, and reliable water supply at the  
37 earliest possible date, it is necessary that this act take effect  
38 immediately.

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